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Juggling Taxes; [FINAL Edition]

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LOCAL GOVERNMENT officials are in the midst of their least favorite time of year. It's when federal and state governments push away from the budget tables and stick local leaders with the bills for more and more services. In this region the local governments are left with few options when it comes to covering those costs. For starters they can, and should, try to prune their spending. But that's no mean feat these days for governments that must tend to school enrollments that keep swelling; traffic that won't die down, no matter how many good and needed transit alternatives are added; health costs going through the roof; and new public safety demands for insecure times.

Virginia's counties have an especially tough time raising revenue because they are limited by the state to the property tax as their single substantial source. At least in Maryland, a few options are available, though the property tax is a chief resource. In both states, homeowners take small comfort in the soaring values of their properties; huge jumps in their assessments mean higher tax bills. Property owners are pressing for relief.

Montgomery County Executive Douglas M. Duncan proposed a budget that assumes no change in the property tax rate. Given rising assessments, homeowners would be looking at hefty increases in tax bills. County Council members are looking at ways to offer relief. Phil Andrews (D-Gaithersburg) has proposed cutting the property tax rate and raising the county tax on energy consumption. He notes that the energy tax hits federal facilities and other entities that do not pay property taxes. Montgomery residents pay about 30 percent of the county's energy taxes and about 61 percent of the property taxes, Mr. Andrews adds.

The question for council members is whether significant property tax relief can be provided for all homeowners, or whether the relief should be targeted at those who need it most. Council President Steven A. Silverman (D-At Large) believes that targeted relief is the best approach but acknowledges a need for a hard look at the math involved in balancing revenue losses and gains.

Whatever the council members decide, there is only so much tinkering they can or should do. The energy tax was tripled a year ago; property assessments continue to rise, and so will the tax bills. A county regulation limits the increase in an individual's assessment to 10 percent a year but defers any further increase to subsequent years. At that rate, Mr. Andrews notes, there may no end to annual 10 percent increases. Something's got to give, and it can't always be the homeowners.

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